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A Brief Summary of Economic Conditions

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THE first peacetime New Year in half a decade finds American farmers with another year of top production—1945 saw a total production nearly a third above prewar (1935-39) average despite much unfavorable weather. For this achievement Americans and others are grateful. It means that the United States will face the coming year without the specter of mass hunger and even starvation that threatens much of the globe. * * * Aware of the plight of agriculture in most of the war-devastated countries as well as an expected strong domestic demand, American farmers contemplate a high level of production in 1946, though many want to ease up on the intensive cropping necessitated by war demands and return to long-term soil-building practices. The 1946 agricultural goals are planned with this in mind even though the acreage called for is more than was grown in 1945. Acreages of some crops, especially sugar, flaxseed and food and feed grains, are maintained at wartime levels. * * * Virtually all wartime subsidies on foods are now planned to be terminated on or before June 30, 1946.

FAO: A Look Ahead

ALMOST everyone who took part in the recent Food and Agriculture Conference at Quebec left with a feeling of accomplishment—that a start had been made toward better diets for the world's people and better living for the world's farmers, forest producers and fishermen, and toward solving the old riddle of want amidst plenty. Yet actually the conference did only a few things. Why the widespread optimism?

The bare facts of the establishment of the Food and Agriculture Organization of the United Nations are soon told. The conference in Quebec last October had three chief results. First, FAO was called formally into being. This was accomplished October 16, the first day of the conference, when representatives of 30 nations signed the constitution. Before the conference closed, membership had risen to 42.

Second, FAO was organized. The conference unanimously chose a truly great director general—Sir John Orr of Great Britain, world-famed nutritionist and agricultural scientist, distinguished scholar, successful farmer, experienced legislator, and forward-looking humanitarian. It elected a 15-man executive committee to direct FAO policy between the annual conferences. Andre Mayer, vice president of the College de France, was named chairman of the committee.¹ It decided that the temporary seat of FAO shall be in Washington; and the permanent seat whatever headquarters is chosen by the United Nations Organization.

Third, the conference laid down general sailing directions for the executive committee and director general. While these directions did not attempt to foresee and provide for every detailed situation that might arise in the next 12 months, they did set the course of FAO activities,

particularly for the first year. For example, there were specific recommendations for prompt preparation of a world-wide picture of the food and agricultural situation, and for pointed, practical recommendations as to how improvements can be made, especially in making apparent surpluses of one area serve human needs of other areas.

FAO has been created, has organized, and has set a general policy for its first year. Beyond that, all remained conjecture when the Quebec conference closed. Even today much still is conjecture, though FAO has begun to build its staff and make a start on its first project—the world balance sheet of food production and supply, country by country. Many questions as to who will be on the organization's staff, just what they will attempt to do, just how they will operate, and how much good will come of their efforts can better be answered next year or the year after.

Yet there are solid reasons for the hope that FAO will help the people of the world and will begin to make its influence felt in a relatively short time. One could read the signs at Quebec—the caliber of the delegations, their attitudes, and the way they went about their work.

The nations sent their best. Many of the world's leading administrators in the fields of food and agriculture were grouped around the chief delegates' table when the conference met in plenary session—U. S. Secretary of Agriculture Anderson, and four other ministers of agriculture of member nations, besides other Cabinet members and top-rank officials. Behind these top administrators sat dozens of the world's best scientists and economists in fields touched by FAO.

It was evident that the nations which had sent those leaders were bent on making FAO a living force for good. "We know that the peace

¹The author is vice chairman.—Editor.

can be won," President Truman said in a message to the conference. "One of the major victories can be won at Quebec." From start to finish the same theme ran through the words and action of the delegates from all countries.

The way the conference dispatched its business was encouraging. Full discussion, often marked by frank differences of opinion, was the rule in committee work, yet the differences never obscured agreement on fundamentals or willingness to compromise on minor points. Like all large gatherings, the conference divided and subdivided into commissions, committees, and panels for handling specific assignments. Work flowed from the plenary session to the smaller groups, and then back again for final review and approval.

The reports of the committees—which taken together constituted the sailing directions for the organization—hold great promise. Most of the recommendations were clear and down to earth. They took into account the fact that FAO is primarily an advisory and research organization, but they recognized that not being an "action" agency did not remove the need for being active. If FAO follows the course laid out for it, it will do far more than gather some facts and issue some reports.

For instance, one of the first tasks FAO has set for itself is gathering and making available a clear picture of the world food situation—where the needs for various products are greatest, where the greatest apparent "surpluses" exist or are likely to appear. That is just a beginning. FAO is expected to make clear-cut recommendations on how to remedy bad situations through better production or distribution. It will receive reports from member nations on how well its recommendations have been carried out. It will help see they are carried out through organizing "missions," that is, groups of experts in particular fields to help individual countries do such

things as improve dairy herds, or start nutrition programs or set up better extension services.

The character of the first director general is another portent of FAO's future. At 65, Sir John Orr has a long-standing reputation as a nutritionist and recently added to his stature as one of the policy makers of the food programs that raised the general level of the British diet even while food imports were blocked off by war. From 1913 until his election to Parliament this year, he was director and moving spirit of the Rowett Institute of Animal Nutrition. Besides being interested in the Institute's 1,000-acre stock farm, Sir John owns and operates a large general farm in his native Scotland.

The nutritionist, the farmer, and the humanitarian in Sir John all came out in his acceptance speech, delivered in his rolling Scotch burr. "All the governments," he said, "have agreed to cooperate in a great world food scheme, which will bring freedom from want to all men, irrespective of race or color * * * If the nations of the world are going to get together to feed the people of the world, they must increase the production of the most important foods. In many cases, that production must be more than doubled * * * There should be no slump in agriculture after this war, such as after the last war * * *"

Those were some of the reasons why people left Quebec with a sense of accomplishment and hope, even though the actual work of FAO remained to be done. One persistent question which had bothered some of the delegates from the United States and other great food-producing nations had been faced frankly. It was this: "What can we expect to get out of FAO?" There are several answers. This country can learn much from other countries about both nutrition and farm production. The exchange of scientific and technical information will not be a one-way street, though it is likely that in the long run the United

States will give more than it receives along those lines. This country's most urgent problem, however, is finding markets for the huge volume of farm and industrial goods that can be produced. That is where it can expect real help from FAO, through its studies of world-wide market possibilities and through its recommendations of the best ways to get food to where it is needed and generally to expand world trade.

It can help most of all through helping the people of the less developed countries to produce more. That is the only way they can afford to buy from America. Suppose their increased production is in agriculture? Sir Girja Bajpai, India's chief delegate, answered that question with one statistic. "The average yearly income of a farm family in India," he said, "is about \$22.50 a year. Our country is not buying anything worth speaking of from you now. Neither are we raising enough to feed our people. When we are producing more we will be much

more likely to buy from other countries."

The strictly economic possibilities of FAO, important as they are, fade before FAO's possibilities for helping solve the overwhelming problem of our time—that of keeping the peace. We have pinned our faith on the continued cooperation of the United Nations. FAO is the first of the new permanent specialized organizations being forged as instruments for working toward that end. It will serve as a model and a testing ground.

Sir John knows this well. In his first press conference as director general he said: "FAO is the world's answer to the atomic bomb. If nations can't get together on food they can't get together on anything else. If they can, they will open the way toward the other lines of cooperation that are essential to prosperity and peace."

HOWARD R. TOLLEY, *Chief
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Commodity Reviews

LIVESTOCK

THE original "roll-back" subsidy of \$1.30 per 100 pounds paid to hog slaughterers is now scheduled to end not later than March 31, 1946. The remaining subsidy paid to slaughterers amounting to 40 cents per 100 pounds is to end not later than mid-year 1946. By June 30, 1946, all subsidies on cattle, both to farmers and to slaughterers except the special payments to nonprocessing cattle slaughterers, and direct payments on sheep and lambs sold for slaughter are scheduled to be withdrawn.

Returns to farmers from sales of hogs and cattle in the first half of 1946 are likely to continue near present levels. However, returns from sales of

lambs probably will average higher during the first half of 1946 than a year earlier because of larger subsidy payments which began last August. Hog prices may decline moderately from present levels in the late spring and early summer during the period of peak marketings of the large 1945 fall pig crop.

Cattle feeding probably will be larger this winter than last and it is likely that a larger-than-usual proportion of the cattle fed will be marketed in the late winter and early spring, with a large number to be finished on soft corn. But production of the better grades of beef in the first half of 1946 is not likely to exceed the demand at near current prices.

Production of meat in the first half

of next year may be moderately larger than a year earlier. Demand for meat by civilians will continue strong with the end of rationing and continued high consumer incomes. Comparatively large quantities of meat will be required for export to Europe. And military purchases, though way below a year ago, will add to the total demand.

POULTRY AND EGGS

EGG production in the first half of 1946 is expected to be about the same as in the first half of 1945 and the number of hens and pullets on farms January 1, 1946 will be at least as large as a year earlier.

Civilian demand for eggs is expected to remain fairly strong, although it will be weaker than in the first half of 1945 when consumer income was at a record level and when red meat supplies were short. Military de-

Index Numbers of Prices Received and Paid by Farmers

[1910-14 = 100]

Year and month	Prices received	Prices paid, interest, and taxes	Parity ratio ¹
1935-39 average	107	128	84
1940	100	125	80
1941	124	132	94
1942	159	150	106
1943	192	162	119
1944	195	170	116
1944			
November	196	171	116
December	200	171	117
1945			
January	201	172	117
February	199	172	116
March	198	173	114
April	203	173	117
May	200	173	116
June	206	173	119
July	206	173	119
August	204	173	118
September	197	174	113
October	199	175	114
November	205	175	117

¹ Ratio of prices received by farmers to prices paid, interest, and taxes.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Nov. 15, 1944	Oct. 15, 1945	Nov. 15, 1945	Parity price Nov. 15, 1945
	August 1909- July 1914	January 1935- December 1939				
Wheat (bushel)	dollars	0.884	0.837	1.43	1.51	1.53
Rice (bushel)	do	.813	.742	1.80	1.79	1.83
Corn (bushel)	do	.642	.691	1.06	1.13	1.11
Oats (bushel)	do	.399	.340	.662	.628	.679
Hay (ton)	do	11.87	8.87	15.60	14.30	14.90
Cotton (pound)	cents	12.4	10.34	20.78	22.30	22.52
Soybeans (bushel)	dollars	2.96	.954	2.05	2.06	2.09
Peanuts (pound)	cents	4.8	3.55	8.08	8.06	8.30
Potatoes (bushel)	dollars	.697	.717	1.43	1.26	1.31
Apples (bushel)	do	.96	.90	2.10	2.84	3.08
Oranges on tree, per box	do	1.81	1.11	2.07	2.05	2.05
Hogs (hundredweight)	do	7.27	8.38	13.50	14.10	14.20
Beef cattle (hundredweight)	do	5.42	6.56	10.79	11.40	11.40
Veal calves (hundredweight)	do	6.75	7.80	12.20	13.40	13.40
Lambs (hundredweight)	do	5.88	7.79	12.10	12.60	12.80
Butterfat (pound) ²	cents	26.3	29.1	50.7	50.2	50.3
Milk, wholesale (100-pound) ³	dollars	1.60	1.81	13.36	13.30	13.35
Chickens (pound)	cents	11.4	14.9	24.0	24.3	23.9
Eggs (dozen)	do	21.5	21.7	43.4	42.6	47.1
Wool (pound)	do	18.3	23.8	41.6	41.1	41.2

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable price computed under section 3 (b) Price Control Act.

⁴ Comparable base price, August 1919-July 1929.

⁵ Does not include dairy production payments made directly to farmers by county AAA offices.

⁶ Adjusted for seasonality.

mand for eggs will be reduced, but this will not result in much decrease in demand since demobilized personnel will be added to the civilian population. However, per capita disappearance of eggs in the armed forces has run about one-third higher than civilian consumption per capita.

If exports of eggs in the first half of 1946 or production of dried eggs for export should approximate the 300 million dozen exported under lend-lease in the first half of 1945 declines in egg prices from November to the flush production season in 1946 probably will be of the usual seasonal magnitude. On the other hand, if there is little or no export demand, sharp price declines will take place, and the average price received by farmers for eggs will probably be at or near support levels.

Chicken prices in the first half of 1946 probably will be moderately below the previous year, but at about present levels. The demand-supply gap in the first half of 1945 was very wide. Civilian supplies of chicken meat will probably be near record levels, but continuation of consumer purchasing power at a high level compared with prewar will tend to prevent prices from declining greatly.

DAIRY PRODUCTS

ENDING of the 5-cent processor subsidy on butter, along with an equivalent increase in wholesale and retail butter ceilings and discontinuance of butter rationing, are not expected to change the present stable prices farmers are receiving for butterfat. Although butter production is running 17 percent below last year, the Government release of 100 million pounds will provide slightly larger supplies than a year earlier for civilians during the next few months.

Prices received by farmers for whole milk sold at wholesale are likely to average a little lower in 1946 than in 1945, if price ceilings on dairy prod-

ucts are continued at present levels. But if ceilings are removed early in 1946, whole milk prices probably will average at least as high as in 1945. A further increase in or removal of butter ceilings would probably be followed by diversion of some milk to butter production and a strengthening of farm prices of both butterfat and whole milk.

Milk production for the first 11 months of 1945, even though the November output was about 10 percent below the record for October, was about 115 billion pounds, an all-time record. Milk production per cow for the year as a whole will exceed any year on record.

FRUIT

AMPLE supplies of oranges, grapefruit, and lemons will be available this winter from the large new crops of these fruits. Production of early and mid-season oranges is slightly larger this season than last, grapefruit about a fifth larger, and lemons a tenth larger.

The Florida crops of oranges and grapefruit are substantially larger than last season, when production was drastically reduced by a tropical storm. On the other hand, the California crop of navel and miscellaneous oranges is slightly smaller than last season.

The 1945-46 pack of canned citrus is expected to be slightly larger than the 1944-45 pack. Increases in canned grapefruit juice as well as blended orange and grapefruit juice are in prospect, but a decrease in orange juice is likely. Practically all of the new pack will be available to civilians in contrast to only about three-fifths of the 1944-45 pack, the remainder going to noncivilian uses.

Supplies of pears this winter will be about as large as a year earlier, but those of apples substantially smaller. Although citrus production sets a new record for 1945, total production

of all fruit is slightly smaller than in 1944.

Civilian demand for fresh fruit continues strong. Prices for apples and pears, now taken from storage, are expected to continue at ceiling levels. Prices for citrus fruits, despite the strong demand, are expected to average lower this winter than last, because of the larger crops and greatly reduced Government requirements.

VEGETABLES

CONSUMER demand for commercial truck crops for fresh market is currently about as strong as it was a year ago, and is expected to remain strong throughout the 1946 winter season.

Preliminary indications for truck crops this winter point to a larger commercial production than last winter for lima beans, beets, cauliflower, celery, escarole, lettuce, green peas and spinach, but a smaller output for artichokes, cabbage, carrots, kale and shallots. Although the aggregate tonnage of these 13 truck crops is now expected to be 4 percent below that of last winter, it will be 44 percent above the 10-year (1935-44) average. The acreage of green peppers expected to be harvested this winter will be slightly larger than last season.

In addition to the vegetables harvested during the winter months, there will be other vegetables available out of storage. In the latter group, there will be more cabbage and carrots than a year earlier, but a smaller supply of onions.

Through the winter and early spring there will be an ample supply of potatoes from the 1945 crop, second largest on record. Prices received by farmers for 1945 crop potatoes are being supported by the Department of Agriculture's loan program. The quantity of potatoes which might otherwise be considered as "surplus"

will be reduced by the large shipments now arranged or being considered to go to Canada, Belgium, France and other countries.

This year's sweetpotato crop, about average in size, is expected to bring prices at or near ceilings for most of the season, because of the strong civilian demand and considerable military requirements.

TOBACCO

DOMESTIC and foreign demand for United States tobacco, reflecting small world stocks, continues to be exceptionally strong, as the largest domestic crop ever produced is being marketed. With prices at or near the highest level ever received by growers, this year's gross income will top all previous peaks by a substantial amount.

The record 1945 crop of over 2 billion pounds now entering stocks, together with the large carry-over, makes the supply larger than a year ago, and some decline in disappearance from the present exceptionally high level in prospect may make stocks a year hence even larger. Stocks of flue-cured and burley, the major cigarette types, are above most pre-war years, but they, as well as stocks of Maryland, dark, and cigar tobacco are low in relation to current and prospective requirements.

Although disappearance of tobacco during the 1944-45 season was at a record level, it was exceeded by 1945 production. Exports of tobacco last season totaled about 440 million pounds, compared with a prewar (1934-38) average of 464 million. Domestic consumption of most tobacco products is continuing near the wartime level. Tax-paid cigarettes during October totaled over 31 billion, the largest in history. Indications are that domestic consumption continued at a peak level in November and December.

REGIONAL PRODUCTION ROUNDUP

FARMERS in the various regions of the country are preparing for another year of top production in 1946, though they probably will make some shifts from the wartime pattern of their farm enterprises. Heading the list is the partial resumption of long-term soil-building practices and easing up on intensive cropping of some of the land. This means more frequent crop rotations and larger acreages of sod crops, accompanied with a high level of livestock production. Further farm mechanization in all regions, especially in the South, will receive great impetus next year. And along with the technological advance will be greater effort toward more efficient operations. Production adjustments that lie ahead in each of the nine agricultural regions are summarized in the following field reports.

Northeast

FUTURE market problems of Northeast¹ farmers under reasonably prosperous conditions are likely to arise more from competition with the products of other areas than from a lack of demand in the region. The markets for Northeast farm products, even during the war, have been mostly in the region because of the concentration of urban population and industry there. This is in sharp contrast to the situation in many other sections of the country.

Dairying

Northeast milk production for 1945 at record levels, about 10 percent above prewar, raises the question about the continuation of the large per capita consumption of fluid milk and whether interregional competition may increase in Northeast markets in the immediate years ahead. Next year may bring some developments to indicate the direction of change in production and utilization of milk throughout the country.

If price relationships become less favorable for milk production, some

adjustments will be desirable and inevitable. On most Northeast farms the best future adjustment probably would be in the direction of greater use of home-grown forage, perhaps less use of purchased grain, and maintenance or increase in herd size.

Forage improvement to get better feed during both the pasture and the barn-feeding seasons is one of the most promising means of improving milk production efficiency. Quick milking and better barn arrangement to reduce the daily bottleneck of dairy chores and increase the number of cows per man, as well as improved haying methods to reduce seasonal labor bottlenecks, are two other important ways to increase milk production efficiency. Now that fertilizer, labor, and equipment will be more readily available, 1946 should be a year to make further progress in these directions. It seems clear that only by becoming more efficient can the progressive Northeast dairy farmer maintain his competitive position and perhaps his farm income.

Poultry

With 1945 egg production 30 percent above prewar for the Northeast, the possibility exists of the development in 1946 of a seasonal surplus of eggs such as was feared in 1945. Thus some

¹ New England, New York, Pennsylvania, New Jersey, Delaware, Maryland.

reduction in poultry numbers below 1945 is in prospect for 1946.

Eggs are produced in the Northeast on widely different types of farms. Probably two-thirds or more of the layers are in flocks of less than 700 birds on dairy, general, or part-time farms. The remainder are in larger flocks, mostly on specialized poultry farms and highly dependent on purchased feed. Most of the latter type are already operating at a high level of efficiency, with few alternative enterprises. If unfavorable conditions develop in 1946 or later years, they can do little but continue operations as efficiently as possible and hope for better times. Farms with the smaller flocks offer more opportunity for adjustment but at the same time production on these farms tends to be less sensitive to price changes since most of the labor may be supplied by the family and much of the feed may be home-grown.

The broiler industry of the Northeast is concentrated on specialized farms, particularly in the Del-Mar-Va area. Practically all feed is purchased, cash expenses are high, and any change in price relationships is felt very quickly. The industry is firmly established in the region but in 1946 and later years the need for efficient production may be greater than ever.

Potatoes

In recent years roughly two-thirds of the Northeast potato crop has been grown on specialized farms in areas particularly adapted to producing potatoes, such as northern Maine. The balance has been grown in smaller acreages on more general farms, particularly in Pennsylvania and upstate New York. In the specialized areas, there seem to be few if any close alternatives to potatoes and the adjustment problems center around methods of producing potatoes most efficiently. In the other areas more opportunity exists for shifting empha-

sis to such enterprises as dairying and vegetables. The Northeast ranks high in potato output per acre and per man, but has not exhausted by any means the opportunities to improve production efficiency and to maintain soil resources.

The Northeast intermediate crop acreage in total did not increase much during the war but it shifted to New Jersey and Long Island where yields are high. In the future it would seem that the size of the crop in present intermediate areas will depend considerably on its ability to compete with, and become a part of, the late crop. Among other things, more adequate storage facilities and a longer marketing season may be needed.

Truck Crops

Northeast truck crop acreage, particularly for processing, expanded greatly during the war, with the 1945 acreage for processing roughly 40 percent above prewar. A considerable part of the canning crops is grown on dairy farms with fairly good alternative use for any land released from vegetables. Nevertheless contraction, even on dairy farms, cannot be expected to take place as quickly or as easily as expansion.

Many truck crop growers plant several different vegetables and in making plans for the future can take advantage of the opportunities that exist of shifting emphasis toward those with the most favorable outlook. A method of insurance open to some growers, and one which may expand, is to plant crops having alternative use either for fresh market or for processing. Nevertheless, anticipated expansion of quick freezing methods and improved transportation, particularly by air, which may bring increased competition from other regions in eastern markets, is an important problem facing Northeast truck crop growers.

MERTON S. PARSONS
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Appalachian

THE end of the war may not greatly change the total demand for agricultural products of the Appalachian Region¹ in 1946 but it does create farmer concern about proper timing of future adjustments.

Desirable peacetime use of agricultural resources should be given major emphasis. Production intentions for the use of land in 1946 should include changes to greater soil conservation and restoration measures, or to shifts that will lead more quickly to such adjustments, while keeping production near peak levels. With farm incomes favorable and with greater supplies of machinery, labor, limestone and fertilizer available, conditions continue bright for cropping practices leading to increased yields.

Row Crops

With a normal planting season this spring, some increase over the small 1945 acreage appears desirable in the acreage planted to row crops, although acreage should not be as large as in 1944. Much of this increase, mainly in cotton and corn, would be obtained by using cropland that was idle in 1945. Some increase in cotton acreage over the small 1945 acreage appears likely because of prospective better cotton prices and the possible availability of more labor. A larger corn acreage will be needed to feed the larger numbers of livestock.

Prospective strong demand for tobacco warrants an increase over 1945 in the acreage of fire-cured and flue-cured types, about the same for dark air-cured, and a small decrease in burley.

As demand for processing vegetables may be somewhat less than during the war, a decrease in acreage of these crops appears desirable. Some decrease in acreage of soybeans for beans may be justified also.

¹ Kentucky, Tennessee, North Carolina, Virginia, West Virginia.

Peanuts are important in some parts of the region, as a considerable portion of the peanuts for the edible trade are produced in the Virginia-Carolina area. At prospective prices, peanut production in this area represents the most profitable use of resources. Although peanut acreage here did not increase as rapidly during the war as in some other areas, slightly less acreage for nuts should be planted in 1946.

Small Grains and Hay

Larger acreages of the close-growing crops, should be the general pattern, with relatively more barley. Due to smaller acreage of row crops in 1945 which resulted in considerable idle land, 1946 will be a good year to increase the acreage of small grains. The shift to small grains is an excellent conservation measure and favors higher feed production. A reduction of wheat acreage in favor of barley and oats is a desirable long-time adjustment.

Total acreages of tame hay and seed crops probably will be about the same as in 1945. However, some expansion in production of lespedeza and alfalfa is desirable. Much of the desired increase in lespedeza hay and seed could be obtained as a second crop following small grains and other hays. Shifting more hay acreage to alfalfa would step up total hay production more rapidly, because of higher alfalfa yields.

Livestock

Acreage adjustments to increase feed crop production and pastures will require more livestock to utilize the feeds. Recommended livestock changes are based largely on this fact. With a favorable season, total livestock production in 1946 would equal or exceed that in 1945, a favorable year. The main shift would be some recovery in hog production from the sharp cut-back started in 1944.

Because of the improved feed grain situation, some increase from 1945 in the number of sows to farrow appears desirable. In general, however, rough-

Southeast

age-consuming animals are favored as farmers shift to more hay and pasture crops. How far the expansion can go and remain stable depends directly on sustained feed production, which, in turn, is dependent upon the adoption of improved production practices.

Livestock numbers in 1946 probably should be around 1945 levels. Work-stock perhaps will decline at a slightly faster rate than before, making room for additional productive livestock. A small decrease in the number of all cattle may occur as farmers shift more to a cow-calf program instead of carrying calves through the winter as feeders. A moderate increase in sheep and lamb numbers is desirable in the blue-grass areas. Hens and pullets should hold slightly below 1945 numbers.

These adjustments in animal numbers, coupled with good management practices, would provide greater supplies of pork than in 1945, about the same number of chickens and turkeys raised, and the same output of milk, wool and eggs. Somewhat fewer commercial broilers would be produced.

Feed Supplies

If acreages and yields suggested for 1946 are realized, the resulting feed and pasture supply under normal weather should maintain the proposed livestock adjustments in 1946-47 close to the level apparent for 1945-46. Continued favorable conditions in 1945 for corn yields, together with other feed grains, have eased the year-end carry-over position of feeds appreciably. High tame-hay yields in most States, also, have brought a substantial improvement in the feed situation. These feed prospects may bring about an expansion in livestock numbers in 1946 beyond desirable levels. The unusually good pastures of 1945 will help relieve the pressure on harvested feeds, and permit animals to go into the winter season in good condition.

ROSCOE J. SAVILLE

Bureau of Agricultural Economics

IN view of the prospective easing of shortages in labor, transportation, and machinery, and the generally favorable outlook for agricultural prices, the over-all 1946 production level in the Southeast¹ is expected to be somewhat higher than in 1945. In the main, adjustments needed in the year ahead represent a continuation of those that took place during the war.

Acreage of idle cropland in 1945 increased 17 percent from 1944. In 1944 idle cropland increased 38 percent or 1,390,000 acres from 1943. The region's estimated 5,924,000 acres of idle cropland in 1945 accounted for almost one-fifth of its total cropland. Anticipated labor shortages and unfavorable planting weather for cotton accounted for the large idle acreage. Some of this land may be put into production in 1946 as industrial workers and men from the armed forces return to farms. The recent increase in idle cropland brought a decrease in acreage of intertilled crops. Total acreage of close growing crops has increased substantially.

Cotton

Unfavorable planting weather, reduction in labor supply, and the inability of cotton to compete with peanuts in commercial peanut areas are factors responsible for the reduced cotton acreage in 1945. For the region as a whole, a reasonable cotton acreage for 1946 would be between that of 1944 and 1945. Increases over 1945 seem justified for areas such as the Mississippi Delta, the high yielding upland sections of Alabama and Mississippi, and some parts of the Piedmont and Coastal Plain. Decreases, or certainly acreages no larger than in 1945, seem in order for areas where alternatives such as peanuts are available.

¹ Alabama, Florida, Georgia, Mississippi, South Carolina.

Cotton in most parts of the Southeast probably will continue to return a larger net income per acre than alternative crops in 1946, except in commercial peanut areas. Cotton producers depending heavily on hired labor for harvesting may experience difficulties again in 1946. For that reason, those who anticipate a limited labor supply may need to reduce cotton acreage still further and substitute crops requiring less labor.

Peanuts

Although demand for edible peanuts may fall off from wartime levels, peanut acreage in the Southeast in 1946 probably should be about the same as in 1945. Returns from peanuts in commercial producing areas are likely to continue well above those from alternative large acreage crops. As prisoner-of-war labor will not be available at harvest, farmers should be cautious in planning their acreage of peanuts to be dug. In all likelihood, full replacements for this labor will not be available by fall.

The 1945 peanut acreage available for hogs was about the same as in 1937-41. By planning a good sized pig crop in the year ahead farmers can assure good use of peanuts grown for digging, even if adequate labor is not available at harvest time. Although peanut production is expected to be profitable again in 1946, the acreage on any farm probably should not exceed one-third the suitable cropland. On many farms in intensive peanut sections the suitable land has been in peanuts as often as once every two years during the war, and there is need for greater soil conservation.

Vegetables and Tobacco

The 1946 acreage of fresh vegetables can well remain very close to 1945 levels, although some adjustments seem desirable. Snap beans and cabbage acreages, for example, probably should be reduced slightly while acreages of other vegetables, such as green peas and lima beans, might be increased.

Sweetpotato yields for 1945 appear well above average, although acreage and production are lower. Some increase in acreage seems in order for 1946, in view of favorable price prospects. An acreage of Irish potatoes slightly above the relatively low level of 1945 may be desirable.

Tobacco in 1946 probably will continue to return more per acre than alternative crops in the areas where produced and slight acreage increase over 1945 seems desirable.

Feed Grains and Hay

Despite a sharp decline in corn acreage in 1945, the region's corn production was larger than in 1944. An increase of 181,000 acres in small grains from 1944 contributed a total grain supply for the region considerably above that for 1944. Hay production was larger than in 1944, but the quality is below average.

Emphasis upon expansion of small grain acreages, particularly oats, is indicated again in 1946, with an increase of at least 10 percent over 1945. Along with this should go increases in hay crops, especially lespedeza. Corn acreage could well remain at 1945 levels.

Production of small grains for grazing will be emphasized, as they provide excellent grazing and furnish a winter cover crop. The Agricultural Conservation Program offers assistance for establishing a satisfactory cover of small grain seeded in the fall of 1945. Specifications provide that the crop may not be cut for hay or harvested for grain.

Livestock

The Southeast has long consumed more livestock and livestock products than it produces. With feed grain and roughage supplies relatively favorable for the 1945-46 livestock year and with prospects for good prices, increased production over 1945 would be justified for most classes of livestock and livestock products.

The upward trend in cattle numbers evidenced during the last few years is

expected to continue. Most of the regional increase in cattle numbers has been due to increases on woodland ranges of Florida, South Georgia, Alabama, and Mississippi. Although dairy cow numbers have increased recently to some extent, on January 1, 1945, they were about the same as ten years before. Milk production may be expected to continue well below needs. As demand for low-grade beef may drop off when better beef becomes available, heavy marketings of low-grade beef cattle in the Southeast may be justified in early 1946.

Because of reduction in demand, Southeastern commercial broiler production probably will decline in 1946. Egg production for 1946 could well be somewhat above that in 1945, if production were distributed more evenly through the year.

An increase of 10 to 15 percent in the number of sows farrowing in 1946 would be consistent with anticipated costs, prices, and feed supplies.

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Lake States

PROSPECTIVE ample feed supplies and more favorable labor, machinery, and fertilizer situations make the 1946 production picture bright in the Lake States,¹ especially with normal weather and favorable prices. Large hay and small grain crops in 1945 help offset a rather unsatisfactory growing season for corn. The general use of silos by dairy farmers will help them to cope with the soft corn situation.

But Wisconsin and Michigan dairy farmers may find it somewhat difficult next summer to obtain sufficient corn for dairy rations to maintain high production levels. And in some parts of the region, particularly Minnesota, hog and beef cattle producers will need to

Minnesota, Wisconsin, Michigan.

exercise considerable ingenuity to secure the most from their soft corn crop because its feeding value has been considerably reduced by the immaturity of corn at the time of frost.

Dairy Products

Lake States milk production will probably be maintained at a high level in 1946 unless prices become unfavorable during the year. Milk cow numbers have risen in the region for the eleventh consecutive year and it is unlikely that any sharp liquidation will take place unless demand falls off and present prices are not maintained. Good pasture conditions, a large hay crop, and a bumper small grain crop are all favorable to maintaining the size of dairy herds.

The wide use of silos has done much to reduce the hazard of frost damage to the corn crop. About 63 percent of all farms in Wisconsin have silos, and in the heart of the dairy area the numbers rise to about 75 percent, with more than 100 silos per 100 farms in some counties.

The problems of demand for manufactured dairy products constitute the central problem influencing the continued prosperity of dairy farmers. These problems are of course largely beyond their direct control. If the Nation can continue a program of full employment at high wages, and if food processors and consumers can be induced to use the new war-developed products of the dairy industry in sufficient quantities, the continued prosperity of Lake States dairy farmers will be more nearly assured.

Hogs and Beef Cattle

Following an unfavorable growing season, early frosts this fall probably damaged the corn crop more in Minnesota than in Wisconsin or Michigan. With more dependence on corn as grain for feeding hogs and beef cattle, on the diversified farms of Minnesota, the situation is somewhat worse than on dairy farms. Corn harvest will probably be delayed as long as possible to permit corn to dry on the

stalk. But many farmers may find themselves without sufficient dry corn to carry the anticipated 1946 spring pig crop to market weight, and some revision downward is anticipated. The 1945 fall pig crop may be fed to unusually heavy weights to use soft corn before it would spoil in the spring. Beef cattle utilize soft corn to better advantage than other classes of livestock, hence there may be a larger than normal number of cattle put on feed in Minnesota this fall. This will be true especially if feeder cattle are plentiful and prices are not too high.

Because the feeding value of the 1945 corn crop may be reduced as much as 30 percent in Minnesota, and if the loss cannot be made up from the large production of small grains, production of livestock will need to be curtailed. There is not enough old corn left on farms to make up the loss in feeding value of immature corn. Farmers in Wisconsin are in a more favorable position because so large a proportion of the corn is ensiled.

Poultry and Eggs

Important among the factors making it desirable to reduce poultry production in 1946 is the fact that most of the egg breaking and drying plants providing dried eggs for shipment abroad are located in the Midwest. With curtailed demand for dried eggs it seems likely that egg producers in the neighborhood of such plants will find it difficult to find satisfactory alternative markets for their product. Lower egg prices may bring the egg-feed price ratio down to a point where it will not be particularly profitable either to produce large quantities of eggs or raise large flocks of pullets or broilers.

However, should the demand for poultry products from the Lake States farms be as great in 1946 as in 1945, the capacity to produce sufficient quantities to satisfy it is now there. Hatcheries were booked to capacity until well into the summer of 1946.

The dairy enterprise is undergoing a

number of important changes because of improvements in the field of technology. Many new innovations are still in the experimental stage, but greatest interest is centered in the problems of putting up hay and silage. Gutter cleaners are being tried out in an effort to eliminate the heavy work of removing manure from the dairy barn, and manure loaders are coming into more frequent use on many farms. Pen barns are being tried as a substitute for the conventional stanchion type. These and many other improved practices are being experimented with in effort to cut the time, cost, and physical labor involved in the production of the Nation's milk supply.

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Corn Belt

THE transition to a peacetime economy creates new uncertainties for the Corn Belt¹—the Nation's principal surplus food-producing region—but a strong demand for its agricultural products can be expected to continue well into 1946.

The total acreage of cropland probably will remain virtually constant, but the acreage of the intertilled crops in 1946 is likely to fall below wartime levels. With the return of peace and a somewhat less urgent need for all-out agricultural production, Corn Belt farmers want to reconvert in the direction of soil-conservation systems of farming which would utilize available resources to better advantage over a long period of time.

Most of the reduction would be in the acreage of soybeans, as little, if any, change in the acreage of corn appears to be desirable in 1946. The 1946 acreage of other intertilled crops—potatoes and truck crops—probably will not differ much from the 1945 acreages. Only limited expansion

¹Iowa, Illinois, Indiana, Ohio, Missouri.

sion of these latter crops took place in the Corn Belt during the war. Compensating increases in the acreages of the small grain crops in 1946 would provide additional opportunity for increasing the seeding of grasses and legumes to give larger acreages of sod crops in succeeding years.

Soybeans and Corn

If at planting time next spring the prospective prices for the 1946 corn crop are near current ceilings and the support price for the 1946 crop of soybeans is reduced from the 1945 level by the amount of the current subsidy to processors, Corn Belt farmers are likely to reduce the 1946 acreage of soybeans 10 to 15 percent below 1945. On the other hand, if prospective prices are nearer the guarantee levels of 90 percent of parity—about \$1.00 per bushel for corn and \$1.50 per bushel for soybeans—a 30 to 40 percent reduction in the 1946 crop of soybeans appears likely, particularly in the heavy producing areas.

Feed supplies in the Corn Belt will continue to be large in the current feeding year, though below the record wartime levels. Early frosts caused widespread damage to immature corn, particularly in the western Corn Belt. Some difficulty may be encountered in utilizing the soft corn before serious deterioration takes place next spring.

Increased production of oats throughout the Corn Belt in 1945 will partially offset any decline in the volume or quality of corn harvested. Greater quantities of farm-grown wheat are also available in the eastern Corn Belt as a result of the high yields obtained this year. Ample supplies of hay are available in all sections of the Corn Belt. The supplies of byproduct feeds in the United States will probably be as large as last year's record levels.

Meat Animals

Livestock numbers and production are likely to be smaller in 1946 than in 1945. The heavy feeding rates of recent years may be reduced during the 1945-46 feed year. Thus total

supplies of feeds available per animal unit may be about the same as a year ago.

While the 1945 pig crop will probably be about the same as in 1944, it may be moderately greater in 1946. But in the western Corn Belt where the 1945 corn crop is short and relatively poor in quality little change is expected in 1946. Considerable expansion in hog production is likely in the eastern Corn Belt, however, where corn supplies will be greater than during the 1944-45 feed year. Some decline in hog prices is looked for in the heavy marketing seasons next year, which may hold production lower than feed supplies warrant.

The number of beef cattle and calves on Corn Belt farms is still near record levels. A high slaughter rate in 1946, in anticipation of lower beef prices, will result in some decline in cattle numbers during the year. However, the output of beef will be large because of the high rate of slaughter and because more cattle probably will be put on feed. Feeder cattle offer the best outlet for the large supplies of soft corn, particularly in the western Corn Belt. Other feeds also appear to be ample for fattening a large number of cattle.

The downward trend of the past several years in sheep and lamb numbers will continue in 1946 but probably at a reduced rate. Other livestock enterprises remain more attractive than sheep to Corn Belt farmers.

Dairy Products

The output of milk during 1945 has been at record levels in the Corn Belt. Production in 1946 will probably fall below that of 1945. Some decline in cow numbers is in prospect for 1946. Production per cow will probably also be lower with somewhat lighter feeding of concentrates. High protein feeds may not be available in so large a volume as in 1945.

A strong demand for milk and most processed milk products will continue

so long as pay rolls are at high levels. Smaller quantities of dried or evaporated milk products will find a ready market, but greater quantities of butter will be taken at even higher prices. These shifts in demand for dairy products will probably mean a lower composite price for milk to farmers who deliver to plants that have been processing whole milk instead of cream. With the scheduled removal of feed production payments and other subsidies on dairy products during 1946, returns to the dairy farmer will be affected adversely unless corresponding increases in ceiling prices are permitted. Labor costs are likely to continue to rise.

Poultry and Eggs

Since the close of the war, the poultry and egg situation has deteriorated rapidly in the Corn Belt. The immediate future does not appear very encouraging. Throughout the country, a greatly increased civilian supply of red meats is reducing the demand for eggs and to a lesser extent for chickens, with prices received by farmers for eggs near support levels. Declines are expected to be especially pronounced in the Corn Belt where reduced processing activities will affect returns to producers of lower grade eggs.

The number of layers has fallen below the peak of 1944 but heavy feeding has held production of eggs per bird at record levels. Liquidation of laying flocks will probably continue during 1946 as prices for eggs decline. Fewer chickens may be raised for meat purposes even though only a moderate decline in the price for chicken is expected.

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South Central

AGRICULTURAL problems in the South Central States¹ during

¹Arkansas, Louisiana, Oklahoma, Texas.

the next few years revolve around production policies relating to cotton, wheat, rice, and peanuts—crops on which large numbers of farms in the region depended heavily both before and during the war. After producing for the insatiable demands of a world at war, the farmers in the region are asking: "Why can't farms be operated profitably at full capacity in producing food and fiber for a world at peace?" Although the answer depends in large measure on many matters outside of agriculture, the decisions farmers individually make in preparing their plans for 1946 and the next few years will be of much importance in determining how well they prosper during the "long pull" ahead.

While prices for some commodities in 1946 may tend to be nearer support levels than ceilings, the prospective changes in price relationships will not be enough to call for any major shifts in the level or pattern of farm production in the region.

Stimulated by large withdrawals of farm people from the agricultural labor force—for the most part to better paying nonfarm jobs—the region saw considerable advance in technological improvements on farms during the war. As these improvements are extended in the years ahead, it is likely that fewer rather than more people will find profitable employment in agriculture in the region.

Next year may see considerable rebuilding of depleted equipment inventories and acquisition of new types of labor saving machinery. Many farmers, particularly cotton farmers, expect to change from horse and mule-drawn equipment to tractor power and equipment. But, if these outlays are not obtained with a view toward the long-range problems of competitive peacetime markets, many farmers may find themselves with capital commitments that do not reduce operating costs compared with hired and family labor and thus do not

increase earnings enough to justify the outlay.

Cotton

The prospective price for cotton will tend to maintain the prominence of the crop in each of the major cotton producing areas next year in the South Central States. Compared with the 1945 cotton acreage, which was held down by bad planting weather, substantial increases are in prospect in several areas, particularly in western Texas and Oklahoma and in the Delta. In these areas, if prospects at planting time suggest even a modest improvement in the labor supply, farmers may be expected to increase their cotton acreages.

In other cotton producing parts of the region, notably the Coastal Plains, various enterprises have partially replaced cotton in the operating programs of many farms. Some of these enterprises, particularly livestock, feed crops, pastures, and specialty crops, will offer considerable resistance to the return of cotton to its prewar importance. However, there is much idle land in these areas and if labor becomes more plentiful and less expensive, cotton probably will be expanded at the prices in prospect for 1946.

Wheat and Rice

In the main wheat areas of Oklahoma and Texas unusually favorable moisture conditions for establishing a winter wheat crop, and additional land available for planting wheat this fall because of below normal acreages of row crops last summer suggest that wheat for harvest in 1946 is likely to occupy a larger acreage in this region than in any year of record.

The prewar and war expansion of rice acreages has been justified on the grounds that depleted fertility and ground water supplies could be restored in later years when the demand for rice was less urgent. With rice stocks depleted and without a significant threat of competition from a recovery of Asiatic production in 1946

it appears that even though the Southern crop is maintained at a high level in 1946 the production should find a ready market at good prices. However, growers who have encountered increased costs as a result of declining yields and increased water pumping charges would probably gain by beginning to shift toward a more conservative rice cropping program.

Oil Crops and Sugar Cane

The acreage of peanuts, after an uncommonly rapid expansion in 1943, has been decreased to a level thought to be fairly well in line with limits set by available labor, established market facilities, and good soil management. In this region the bulk of the peanut acreage is now on farms where returns from the crop compare very favorably with alternative enterprises. In some areas, such as the Cross Timbers area in Texas, returns from peanuts are larger by a considerable margin than those from alternative crops, and here moderate increases in the acreage of peanuts are in prospect for 1946.

Production of soybeans for harvest as beans has been restricted almost entirely to the Delta and similar alluvial areas in the eastern part of the region. During the war soybeans, having relatively light labor requirements, replaced some of the cotton acreage on many farms. However, soybeans proved to be quite vulnerable to damage from weather and insects, with the result that returns have often been discouragingly low. A considerable part of the crop has been used for hay or turned under each year. With conditions favoring an increase in cotton acreage in 1946, some reduction in the acreage of soybeans planted for harvest as beans will likely result. But this substitution will not adversely affect oil seed supplies as many growers obtain higher oil yields per acre from cottonseed than from soybeans.

Conditions surrounding sugarcane production have been improving. Use of mechanical harvesting devices has

been spreading rapidly, and with the freeing of materials for the manufacture of this equipment, many growers are reported to be looking forward to complete mechanization of the crop. The program for purchasing frozen cane, along with possibilities for further reducing production costs, should encourage an expansion in the cane acreage for harvest in 1946. Without new installations, however, crushing capacity limits expansion of sugarcane acreage to only moderate increases over 1945.

Livestock

Inventories of brood sows have not recovered from the heavy liquidation of hogs in 1944, especially in the main grain producing areas of the region, where cash grain prices have not favored increased feeding. Hence the prospective supply of feeder pigs is not expected to permit any important increase in pork production before late in 1946.

Compared with 1945, a small increase in the number of chickens raised, including broilers, is in prospect for 1946. Egg production in 1946 for most areas should be maintained at or slightly below the 1945 level, which was 8 percent below the 1944 record.

Probable reductions in the unusual war demand for fluid milk in the region will cause a partial shift of dairying in 1946 to a lower cost basis and to prices based on manufacturing uses which may temporarily arrest the current upward production trend. However, dairying has an increasingly important part to play in the organization of farms throughout most of the region in the years ahead.

Current range cattle and sheep numbers probably are not excessive in terms of average pasture conditions, but inventories of breeding stock approach speculative levels in relation to the liquidation that would be necessary should a general drought develop. Heavy culling of herds under advantageous circumstances will extend into 1946. Moderate downward adjust-

ments in range cattle numbers probably will be partly offset by increases in the number of cattle in the eastern part of the region. Also, in southwest Texas, deterioration of heavily stocked ranges and severe bitterweed infestation is likely to lead to a sharp reduction of sheep inventories, with some offsetting increase in cattle.

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Great Plains

FIVE years of abundant rainfall and high prices for farm products find most farmers and ranchers in the Great Plains¹ in relatively good financial condition. The agricultural plant is geared to abundant production, with the volume of production and output per man the highest in history despite labor and machinery shortages. In 1946 labor may be more plentiful and the supply of machinery should be increased considerably. The demand for food seems to justify a high level of production in 1946, though some minor adjustments between production enterprises will be required in order to achieve a better balanced production pattern.

Wheat and Oil Crops

A moderate reduction in wheat acreage planted for harvest in 1946 seems desirable in view of the relatively large acreage in 1945 and an anticipated lower peacetime demand. The wheat goal for 1946 in the Plains is nearly two percent less than the acreage planted for harvest in 1945, but high prices may encourage farmers to plant a larger acreage than the goal suggests.

Over half of the country's wheat acreage is in the Plains States and wheat is a major source of income on a large proportion of the farms there. Though the wheat acreage in the Plains is not now excessively high

¹ Kansas, Nebraska, North and South Dakota, Montana, Wyoming, Colorado.

compared with historical trends, future conditions may require a decrease in the relative importance of wheat in the Plains economy. Associated with this may be changes in type of production, continued increase in size of farms, and decreases in number of farms and people. In anticipating the adjustment problems ahead it is encouraging to note the current increase in size of farms and the rapid forward strides in farm mechanization. These developments will help to pave the way for adjustments required in the future.

A material reduction in acreage of flax in the Plains States seems likely, as world trade in oil crops is resumed and the national demand for domestic oil crops sinks to peacetime levels. This adjustment will not be difficult since the acreage in this crop per farm is in most instances rather small.

A moderate reduction in acreage of soybeans in 1946 is anticipated but the acreage may be reasonably well sustained in peacetime if production of soybeans continues to be relatively advantageous in eastern Kansas, where three-fourths of the soybean acreage in the region is located.

Feed Grains and Hay

Associated with the reduction in acreage of cash crops is an anticipated increase in feed grains in 1946. This increase is in line with national demand and with a desirable shift toward a more diversified economy in future years. While increases in all feed grains seem desirable in 1946 the greatest changes should probably be made in corn, sorghums, barley, and oats.

In spite of a slight 1946 increase over 1945 the acreage of corn in the Plains would still be substantially below the 1929-38 average, particularly in Kansas, Nebraska, and Colorado. Most of the increase in acreage of sorghums in 1946 compared with 1945 should probably be in Kansas and South Dakota. The increase

in acreage of barley and oats, though general throughout the region, should be most pronounced in the Dakotas.

An increased hay acreage in 1946 is a logical step in the recovery to normal, predrought levels, representing a response to the demand for more soil-building crops and larger supplies of hay. If the 1946 acreage were increased 10 percent above 1945, it would still be below the average acreage for the period 1929-38 and appreciably lower than the desirable acreage for peacetime. The necessity for increased acreage of hay is greatest in North Dakota, South Dakota, and Nebraska.

Cattle and Sheep

A moderate decrease for 1946 from the high point on January 1, 1945, in cattle numbers in the Plains seems reasonable because present large numbers probably exceed normal carrying capacity of pastures and peacetime demand for meat can not be expected to equal the demand in wartime.

The number of sheep may be reduced moderately in 1946 in continuation of recent trends in Montana, Wyoming, and Colorado, where three-fourths of the sheep in the Plains are normally found. In North Dakota, South Dakota, Nebraska, and Kansas, however, a moderate reduction would still leave sheep numbers above the average for the period 1922-41.

Although sheep numbers have been decreasing during the war, numbers of both cattle and sheep have shown a general upward trend since 1922. This upward trend is partially explained by decreasing numbers of horses, improved grazing facilities, and better management in the use of feed.

Hogs and Poultry

An increase of as much as 25 percent in the number of sows to farrow in 1946 compared with 1945 would still leave the total below desirable peacetime levels and below the predrought normal. Such an increase, though quite sharp, would be in

harmony with long-term future adjustments and also with historical trends. In South Dakota, Nebraska, and Kansas, where the major share of the hogs in this region are produced, hog numbers declined drastically during the drought period of the 1930's. Recovery toward normal numbers reached a high point in 1943. There were considerably fewer hogs in 1944, but numbers increased again in 1945.

Poultry production continues at high levels, with the number of hens and pullets on farms considerably above prewar. It remains to be seen whether present high levels of poultry production in the Plains can be maintained in the face of a possible declining demand.

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Southwest

PEACETIME conditions are expected to modify rather than change the direction of the war-accelerated expansion, intensification, and mechanization of agriculture in the Western States.¹ But some war-induced trends in the production of particular products are likely to be reversed. Adjustments to all sorts of influences, as always, will differ greatly with locality and among farms, but total agricultural output in the West is likely to continue to increase during the next few years.

In the years immediately ahead, reductions are expected in the acreages of some vegetables, flaxseed, rice, and vegetable seed; fewer beef cattle and horse numbers, but a leveling-off of the decline in sheep numbers. Increases appear likely in sugar beet acreages to prewar levels, appreciable increases in alfalfa and rotation pasture, some increase in feed grains and cotton, continued increase in acreages of fruits and vines, in dairy cow num-

¹ Arizona, California, New Mexico, Nevada, Utah.

bers, and feeding out of larger numbers of cattle and sheep.

Farm Labor

This past fall one-fourth of all foreign workers and prisoners of war engaged in agricultural work in the United States were in the Southwestern Region. Few, if any, prisoners of war are expected to be available during 1946 and the future of the Mexican national labor supply after May 1946 is uncertain.

During recent months the agricultural labor force has been supplemented by workers returning from war industries and the armed forces. But both veterans and war industry workers are inquiring about living conditions as well as wages and accepting only the better opportunities. On the other hand, employers are becoming more critical of job applicants and are selecting year-round workers with more care than during the war. The most difficult farm placement job at the present time is that of matching the job to the worker.

The hired year-round labor force increased during 1945 and probably will show further increase in 1946. Uncertainty about labor supplies may act as a deterrent to the planting of some labor-intensive crops, particularly vegetables.

Field Crops

The sugar beet acreage in California and Utah drastically reduced during the war largely because of severe competition from truck crops and other crops, probably will increase in 1946. The increase of \$1 a ton in the national price guarantee for next year puts sugar beets in a more attractive position relative to competing crops than a year ago. Other favorable factors are larger quantities of fertilizer as well as the progress made during the past year in mechanization, particularly in harvesting machinery. Acreage in the region for 1946 is expected to be greater than in 1945 but below the capacity for processing.

Cotton acreage in the West probably

will increase again in 1946. Only in the Salt River Valley of Arizona has the position of cotton been markedly weakened, by increased competition from vegetables and alfalfa. Unless given increased price support the small remaining acreage of American-Egyptian cotton there is likely to be reduced still further in 1946. The mechanical cotton picker, now in its third season on a few farms, may tend to increase the cotton acreage. But less than twenty machines are now in operation in California and not enough machines are expected to be available to have much influence on 1946 acreage.

After a 1943 peak of 333,000 acres, the California flaxseed acreage declined to around 133,000 acres in 1945, about 2½ times the prewar average. Weed infestations and a favorable price for barley, the chief competitor of flax, have been the principal reasons for the decline since 1943. Barley prices probably will continue strong through the coming flaxseed planting season, tending to hold down the flaxseed acreage.

Vegetables

Wartime demands and favorable support prices caused an increase of 40 percent in acreage of truck crops for processing. Most of the increase occurred in tomatoes, accounting for about two-thirds of the total wartime acreage of vegetables for processing. Although the demand by the armed forces for tomatoes will be sharply reduced below wartime levels, the 1946 tomato acreage in California is expected to be substantially above the 1937-41 acreage.

Induced by war demands, price supports and a favorable competitive position, the 1945 early potato acreage in California more than doubled the prewar average. Most of the early potato production is highly mechanized, much of it is handled by large operators, and there appears to be little likelihood of a decreased acreage in 1946. It is not possible to determine just what the competitive

position of California earlies will be in postwar markets but it is doubtful that the 1945 acreage can be profitably maintained over a period of years.

Livestock

During the war dairy cow numbers and milk production in California and Utah continued the prewar upward trend, while numbers remained about the same in Arizona, New Mexico, and Nevada. Even so the demand for dairy products was unsatisfied during the war, and the demand for fluid milk by an increased population with larger incomes caused marked shifts in utilization of milk. Demands for dairy products in this region are expected to provide an outlet for the greater milk production in 1946 which anticipated increases in supplies of alfalfa, pasture, and feed concentrates will permit.

On January 1, 1945, beef cattle numbers in this region had decreased from the record peak of over 2 million head a year earlier to about prewar levels. Heavy marketings during 1945 and drought in parts of Arizona and New Mexico may bring numbers on January 1, 1946 to less than prewar. Further reduction may be required to bring numbers in line with safe carrying capacity of ranges.

Range sheep numbers decreased greatly during the war. The sharpest decline occurred during 1944 followed by a further decrease in 1945. Scarcity of skilled herders, increased costs, and greater profits from cattle were important causes for this decline. Reductions may continue during 1946, but there are some indications that the end of the downward trend is near.

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Pacific Northwest

FARMERS in the Pacific Northwest,¹ while aware of the shifts made during the war, are not contem-

¹ Washington, Oregon, Idaho.

plating drastic changes in farm organization for 1946. The greater availability of labor, machinery, fertilizers, and other supplies, than during the war, will enable farmers to return to proper rotation systems and generally to restore and improve their farms. The shift from labor-intensive to labor-extensive crops, noticeable in 1945, is likely to continue in 1946.

Expected changes in major types of land use in the region as a whole lie in the direction of increased acreages of sod crops, summer fallow, and fruits; a maintenance or slight decrease of the comparatively large acreage of grain crops; and a decrease in the acreage of intertilled crops. The total cropland acreage will continue its gradual upward trend because of the breaking up of land in low rainfall areas, clearing of some cut-over land, and minor irrigation developments.

Food and Feed Grains

Unsatisfactory wheat yields in portions of the low rainfall area of the Columbia Basin in 1945 are expected to result in decreased plantings of wheat and a larger acreage in summer fallow or idle land. No serious difficulty is anticipated in the disposal of a large Northwest wheat crop during the coming season.

The 1946 barley acreage is likely to be slightly smaller than last year while increases are expected in oats and rye. Feed grain production in the Pacific Northwest has been expanded considerably during the past several years and is not likely to decline to its prewar level because of increased livestock production and better feeding practices, and high costs of feed grains shipped in from other regions.

Dry Peas and Beans

After the 1944 peak, the acreage of dry edible peas was reduced considerably in 1945 because of lower support prices and a determined effort to

avoid the accumulation of large supplies early in the current year. Although supplies were reduced to manageable proportions, a further reduction is desirable from the standpoint of proper land use and future stability of production. In later years field pea production will exceed pre-war levels, as it fits well into the rotation system practiced in the Palouse wheat area. This expanded production will offer serious marketing problems unless further feed outlets can be found for portions of the crop.

Some recovery from the low 1945 acreage of dry edible beans in Idaho is expected in 1946, with normal weather. However, the experience of the past few years, less favorable prices than for competing crops, and the return to more balanced rotation systems will all discourage a large increase in 1946 and future years.

Potatoes and Sugar Beets

Suitable land for potatoes is limited and present indications are that any reduction in the 1946 potato acreage will be small. The assurance of favorable prices under the support program coupled with low seasonal labor requirements makes this crop more attractive to growers in 1946 than sugar beets or other competing crops. But in future years lower prices and a return to balanced rotation systems will result in some reduction, primarily in the poorer areas.

High seasonal labor requirements for sugar beets and the relatively greater profitability of competing crops will continue to keep an expansion in this crop within rather narrow limits. Small increases are possible in Idaho but the uncertain outlook for seasonal labor supplies and strong competition from potatoes and beans will be retarding factors. In Eastern Idaho, where the greatest unused plant capacity exists, the competition with potatoes is the keenest. More favorable price relationship in comparison with competing crops and the additional development and greater

use of beet machinery would result in an increase in sugar beet production in future years.

The Pacific Northwest in 1946 will continue to hold its position as an important producing area for hay and cover crop seeds. Although certain adjustments should be made between various kinds and types of seeds because of accumulated supplies and the availability of imported seeds, future demand in general resulting from greater emphasis upon soil conservation and soil building practices justifies intentions of growers to continue present production levels.

Milk Cows and Hogs

Despite an expected large demand for dairy products, Northwest dairymen are likely to reduce cow numbers in 1946, largely because of their labor difficulties and other problems this year. Judicious culling and better feeding methods, however, may prevent a decline in total milk production.

Hog production in the Northwest during the past two years has been below prewar levels and in 1946 is not expected to regain its former position. The hog-feed ratio is not sufficiently favorable to obtain major increases, even though feed supplies are ample. In future years the level of hog production in the Northwest will depend to a large extent upon price relationships and the possibility of using surplus soft wheat for feed.

Range Cattle and Sheep

Beef cattle numbers in the Northwest have been at peak levels during the past few years and only minor reductions have been made in 1945. A further downward trend is expected in 1946 but no major liquidation will occur. In most areas feed supplies are ample to maintain present numbers and no large scale deterioration of the range because of overstocking is apparent. However, some reduc-

tion is desirable to put stockmen in a stronger position to withstand seasons of below normal weather. Cattle feeding has declined during recent war years and it is doubtful that an increase will occur in 1946.

Sheep numbers in the Northwest have been declining for the past several years, and there is no indication as yet that this downward trend has been halted. Labor difficulties, feed prices, and concern over the wool surplus have prevented sheepmen from maintaining their flocks. Maintenance of numbers will be difficult in 1946 as the necessary number of ewe lambs for replacement will not be available. A reversal of the downward trend is desirable from the viewpoint of better range utilization. Some increases in sheep numbers can be expected to come gradually after an improvement takes place in labor conditions.

Chickens and Turkeys

An unusually high percentage of the chickens produced during the past season have been raised for meat rather than for laying. Therefore, a further decline in 1946 is expected in egg production over 1945. Greater availability of red meats and reduced profitability of poultry meat production, however, will tend to reverse this trend for the chickens raised during the coming year.

Turkey production in the Northwest, particularly in Oregon and Washington, has witnessed a considerable expansion, reaching a peak in 1945. While some reduction is expected in 1946 and future years, this enterprise is likely to continue on a higher level than was attained during prewar years. Favorable prospects for the development of wider markets will encourage production at a comparatively high level.

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Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) ¹	Income of industrial workers (1935-79) = 100 ²	1910-14 = 100				Index of prices received by farmers (August 1909-July 1914 = 100)			
			Whole-sale prices of all commodities ³	Prices paid by farmers		Farm wage rates	Livestock and products			
				Commodities	Commodities interest and taxes		Dairy products	Poultry and eggs	Meat animals	All live-stock
1910-14 average	58	50	100	100	100	100	100	101	101	101
1915-19 average	72	90	158	151	150	148	148	154	163	138
1920-24 average	75	122	160	161	173	178	159	163	123	142
1925-29 average	98	129	143	155	168	179	160	155	148	154
1930-34 average	74	78	107	122	135	115	105	94	85	96
1935-39 average	100	100	118	125	128	118	119	109	119	117
1940-44 average	192	234	139	150	148	212	162	146	171	164
1941	162	169	127	131	132	154	139	121	146	140
1942	199	241	144	152	150	201	162	151	188	173
1943	239	322	151	167	162	264	193	190	209	200
1944	235	329	152	176	170	315	198	174	200	194
1944—November	222	321	152	177	171	—	203	207	200	202
December	232	326	153	178	171	—	203	211	198	202
1945—January	234	326	153	179	172	324	202	199	203	202
February	236	324	154	179	172	—	200	183	209	201
March	235	322	154	180	173	—	198	175	211	200
April	230	314	154	180	173	335	194	176	215	201
May	226	302	155	180	173	—	192	179	217	202
June	220	301	155	180	173	340	191	189	216	200
July	211	286	155	180	173	362	192	197	215	205
August	187	261	154	180	173	—	195	207	212	206
September	171	225	154	181	174	—	197	201	207	203
October	164	—	155	182	175	355	199	204	202	202
November	—	—	182	175	—	—	202	218	203	206
Index of prices received by farmers (August 1909-July 1914 = 100)										
Year and month	Crops								All crops and live-stock	Parity ratio ⁴
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil bearing crops	Fruit	Truck crops	All crops		
	1910-14 average	100	101	102	96	98	99	—	99	100
1915-19 average	193	164	187	168	187	125	—	168	162	106
1920-24 average	147	126	192	189	149	148	143	160	151	88
1925-29 average	140	119	172	145	129	141	140	143	149	89
1930-34 average	70	76	119	74	72	94	106	86	90	66
1935-39 average	94	95	175	83	106	83	102	97	107	84
1940-44 average	123	119	245	131	159	133	172	143	154	108
1941	97	89	159	107	130	85	129	106	124	94
1942	120	111	252	149	172	114	163	142	159	106
1943	148	147	325	160	190	179	245	183	192	119
1944	165	166	354	164	209	215	212	194	195	115
1944—November	165	157	366	168	215	195	188	189	196	115
December	167	160	364	168	215	206	228	196	200	117
1945—January	169	163	365	163	214	205	262	200	201	117
February	169	164	360	161	215	211	223	197	199	116
March	171	166	359	163	215	211	203	196	198	114
April	172	162	362	163	215	221	259	204	203	117
May	172	161	363	165	216	227	193	198	200	116
June	173	162	364	169	217	237	269	210	206	119
July	169	161	364	171	221	237	244	207	206	119
August	167	158	367	172	215	214	240	202	204	118
September	167	157	365	175	213	217	159	191	197	113
October	175	160	373	180	210	219	181	196	199	114
November	178	161	375	182	213	217	235	203	205	117

¹ Federal Reserve Board, adjusted for seasonal variation, revised November 1943.

² Total income adjusted for seasonal variation, revised September 1945.

³ Bureau of Labor Statistics.

⁴ Revised.

Note.—The index numbers of industrial production and of industrial workers' income, shown above, are not comparable in several respects. The production index includes only mining and manufacturing;

the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income since output can be increased or decreased to some extent without much change in the number of workers.

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